

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

LEGAL DIVISION

San Francisco, California
Date: January 20, 1999
Resolution No. L-276

RESOLUTION

**RESOLUTION AUTHORIZING INTERAGENCY MEMORANDUM OF
UNDERSTANDING CONCERNING RESPONSIBILITIES RELATED TO THE
ELECTRICITY INDUSTRY BETWEEN THE CALIFORNIA PUBLIC
UTILITIES COMMISSION AND THE CALIFORNIA ELECTRICITY
OVERSIGHT BOARD**

BACKGROUND

1. In 1996, Assembly Bill (AB) 1890 (Stats. 1996, Ch. 854), which created a new structure for the electric industry in California, was enacted into law. AB 1890 authorized the creation of the California Electricity Oversight Board (“EOB”), and anticipated active roles for both the EOB and the California Public Utilities Commission (“Commission”).
2. Assembly Bill (AB) 1656 (Stats. 1998, Ch. 324), passed by the California Legislature and approved by the Governor on August 21, 1998, adopts the state budget for Fiscal Year 1998-99, and states in part:

In order to ensure that California’s interests are represented clearly and consistently before the Federal Energy Regulatory Commission (FERC), the California Public Utilities Commission (CPUC) and the Electricity Oversight Board (EOB) shall, under the Governor’s direction, enter into a Memorandum of Understanding (MOU) that sets forth their respective responsibilities in the electricity area.

3. Pending the negotiation of the MOU, the EOB and the Commission have been coordinating their actions in representing California before the FERC on electric dockets.

DISCUSSION:

1. In compliance with the Budget Control directive in AB 1656, representatives of the Commission and the EOB have negotiated the attached Memorandum of Understanding (MOU), to ensure that California's interests are represented clearly and consistently before the Federal Energy Regulatory Commission.
2. The attached MOU between the EOB and the Commission describes the responsibilities of each agency in relation to the electric industry, and contains mechanisms for coordinating those responsibilities. The MOU addresses representation of California's interests before the FERC, including determination of lead agency responsibility, and establishes a method for identification and classification of FERC proceedings. Furthermore, the MOU allows for pooling of agency resources and sets forth procedures for coordinating the positions of the EOB and Commission. The MOU is designed to be flexible and practical, and provides for resolution of substantive policy disagreements, meetings concerning interpretation of the MOU, and a means to propose modifications to the MOU.
3. Under the MOU, the Commission's responsibilities in the restructured electricity industry include but are not limited to regulation of retail rates and services of state-regulated investor-owned electric utilities (IOUs), retail distribution system operation and distribution system reliability, investor-owned utility mergers; consumer protection and consumer education programs regarding retail electricity services, retail direct access programs, administration of IOU contracts with qualifying facilities, and examination of market behavior of IOUs and their affiliate transactions.
4. Under the MOU, the EOB's responsibilities in the restructured electricity industry include but are not limited to monitoring, evaluating and representing state interests concerning the operation and reliability of the interconnected electric transmission system and the markets for generation and bulk energy including the California Independent System Operator (ISO) and the California Power Exchange (PX) and similar entities and proceedings, and rules and policies affecting such entities.
5. The Commission should enter into the attached MOU between the EOB and the Commission.

ORDER

1. The Commission's Executive Director is authorized to sign, on behalf of the Commission, the attached MOU.
2. This Resolution is effective today, and the MOU will take effect upon adoption by the EOB and signatures of the two agencies.

I certify that this Resolution was adopted by the Public Utilities Commission at its regular meeting of January 20, 1999. The following Commissioners approved it:

WESLEY FRANKLIN
Executive Director